

Bipartisan Bill Protects Investors and Reforms Cost-Prohibitive Regulations

Wall Street Journal Says Adler's Legislation Will "Create Jobs at No Cost to the Taxpayer"

Washington, DC – Congressman John Adler today announced that his bipartisan amendment to maintain the exemption of certain small businesses from cost prohibitive regulations cleared a key hurdle during conference negotiations and is expected to be included in the final financial regulatory reform bill. The amendment, sponsored by fellow New Jersey delegation members, Reps. Scott Garrett and Leonard Lance, amends Section 404(b) of the Sarbanes-Oxley Act. The White House also supported the Congressman's amendment to create jobs and spur economic growth at no cost to the taxpayer.

"My amendment will help create private sector jobs," Congressman John Adler said. "This commonsense, bipartisan measure cuts unnecessary red-tape for our small businesses. Washington must continue to get out of the way and let small businesses grow and create jobs."

Under direction from the Securities and Exchange Commission (SEC), small businesses have been exempt from Section 404(b) for the past seven years. Recently, the exemption expired. Adler's amendment will provide stability for these businesses by permanently exempting them from these costly regulations.

The "one size fits all" regulatory approach to implementing Section 404(b) of Sarbanes-Oxley has had a disproportionately negative impact on small and medium-sized companies. The current and pending compliance burden has sent many companies to market overseas or dissuaded them from going public here in America. According to the Wall Street Journal editorial page, the amendment will allow "America's most innovative companies to create jobs at no cost to taxpayers."

Background:

House and Senate conferees agreed on a bipartisan basis to include the Congressman's 404(b) exemption for small businesses. Adler's amendment, which passed the House in a bipartisan vote in December, will exempt non accelerated issuers, or small businesses with a market capitalization of \$75 million or less from Section 404 (b) of the Sarbanes-Oxley Act. It only exempts small companies from complying with this one particularly costly subsection of Sarbanes-Oxley, while maintaining investor protections by requiring them to continue complying

with the rest of the statute.

In addition, it asks the SEC and Government Accountability Office (GAO) to conduct a study to determine how the SEC can reduce the burden of complying with Section 404(b) while maintaining investor protections for companies whose market capitalization is between \$75 and \$250 million. In the study the SEC and GAO will also consider whether reducing the compliance burden or a complete exemption for these companies will encourage them to list on exchanges in the United States in their initial public offerings.